



ESSENTRA

1ST QUARTER RESULTS

Released : 16/04/2021 07:00

RNS Number : 6686V
Essentra plc
16 April 2021

ESSENTRA PLC

A leading global provider of essential components and solutions

Q1 2021 TRADING UPDATE

Summary

- Well positioned to rebound from Covid-19 ("the pandemic"), focused on delivering organic growth, cost reduction initiatives and accretive M&A
- Continued positive momentum resulted in Q1 2021 revenue being up by 1.4% on prior year, on a like-for-like (LFL) ¹ basis
- Components returned to growth with revenue up by c.5%²
- Packaging had a quiet January, trading improved in the remainder of the quarter where it was level year-on-year. Cost actions have continued to support margin improvement
- Filters had a strong start to the year, delivering revenue growth of 10%

Essentra plc ("the Group" or "the Company") today announces its trading update for the three month period to the end of March 2021.

Current trading and outlook

An encouraging start to the year with Q1 2021 trading in line with expectations, notwithstanding logistical challenges derived from the pandemic and the aftermath of Brexit. The Company delivered LFL revenue growth of 1.4% for the period - marking a return to positive quarterly growth and continuing the trend of improved quarterly performance momentum seen since the onset of the pandemic in Q2 last year. Although the pandemic continues to contribute to an uncertain macro-economic environment, recent order book trends are improving across the Group.

The Components division delivered a robust performance in Q1 2021, with revenue growth of c.5%, adjusting for two less trading days during Q1 2021 (reported growth of 2.4%), as end markets continued to improve and our commercial initiatives delivered benefit - our enhanced online offer has continued to differentiate us and we are starting to reap the rewards of our recently introduced 'category management' approach. It is noteworthy that the growth in Components has been delivered despite supply chain challenges - including Brexit which is improving. We continue to expect a positive trend in LFL revenue growth for the remainder of the year, based on recent order book data.

The Packaging division had a LFL revenue decline of 5.4% (reported +4.3%) owing to a reduction in the level of prescriptions and elective surgeries through lockdown periods (as seen since H2 2020). Despite a quiet January (driven by a slow start to the year for many of our customers), trading improved in the remainder of the quarter where it was level year-on-year. The integration of 3C! continues to progress well and is in line with our expectations. Cost actions continue to support margin improvement, paving the way of our journey to reach a 2021 margin exit rate in line with the industry average of 8-10% (barring any major unforeseen macro-economic events). Recent order book trends have been improving and we continue to believe the market will return to moderate growth in the second half of 2021 as global healthcare systems catch up on the significant backlog of prescriptions and elective surgeries.

The Filters division had a strong start to the year, with revenue growth of 10.0%. The strong performance has mainly been driven by outsourcing contracts delivering volumes in line with expectations. In terms of progress with the division's other 'game changers':

- The China JV remains on track to commence production towards the end of Q2 2021; and

- The division's innovation capability continues to deliver, and as previously reported, we have recently launched three proprietary eco-products³, which are intended to meet the EU's Single Use Plastics Directive initiatives for plastic-free and biodegradable products. Although it is still early stages, we are pleased with the ever-increasing interest the market is showing towards these new products, with several projects already underway.

Filters' revenue is expected to continue growing, but the growth rate may moderate as the comparatives become tougher.

Commenting on today's results, Paul Forman, Chief Executive, said:

"I am extremely pleased with the positive start to the year that we have had. The diverse nature of our businesses' end markets provides a degree of resilience against the macro uncertainty caused by the pandemic, but nonetheless it very encouraging to see that we have maintained the momentum of improving quarterly performance, resulting in overall LFL growth of 1.4%. Across the businesses, recent order book trends are improving, and I expect this positive momentum to be maintained."

Annual General Meeting

The Company is due to hold its 2021 Annual General Meeting ("AGM") at 12:00 noon on Thursday 20 May 2021.

Notes

- (1) Excludes the impact of acquisitions, disposals and foreign exchange
- (2) Adjusting for two less trading days during Q1 2021
- (3) ECO Sensation, ECO Cavitec and ECO Cavitec Sensation

Enquiries

Essentra plc

Aamir Mohiuddin, Investor Relations Director

Lucy Yank, Group Communications Director

Tel: +44 (0)1908 359100

Tulchan Communications LLP

Martin Robinson

Olivia Peters

Tel: +44 (0)20 7353 4200

Notes to Editors

About Essentra plc

Essentra plc is a FTSE 250 company and a leading global provider of essential components and solutions. Organised into three global divisions, Essentra focuses on the light manufacture and distribution of high volume, enabling components which serve customers in a wide variety of end-markets and geographies.

Headquartered in the United Kingdom, Essentra's global network extends to 34 countries and includes 7,065 employees, 50 principal manufacturing facilities, 32 sales & distribution operations and 3 research & development centres. For further information, please visit www.essentraplc.com.

Essentra Components

Essentra Components is a global market leading manufacturer and distributor of plastic injection moulded, vinyl dip moulded and metal items. Operating in 25 countries worldwide, 15 manufacturing facilities and 25 sales & distribution centres serve more than 82,000 customers with a rapid supply of low cost but essential products for a variety of applications in industries such as equipment manufacturing, automotive, fabrication, electronics and construction. The division also includes the Reid Supply business, which provides a wide range of branded hardware supplies to a broad base of industrial customers, largely located in the US Mid-West.

Essentra Packaging

Essentra Packaging is one of only two multicontinental suppliers of a full secondary packaging range to the health and personal care sectors, with 25 facilities across three geographic regions. The division's innovative products include cartons, leaflets, self-adhesive labels and printed foils used in blister packs, which help customers to meet the rapidly-changing requirements of these end-markets and can also be combined with Essentra's authentication solutions to help the fight against counterfeiting.

Essentra Filters

Essentra Filters is the only global independent cigarette filter supplier. The twelve sites across nine countries, including three R&D centres, provide a flexible infrastructure strategically positioned to serve the tobacco sector. The business supplies a wide range of value-adding high quality innovative filters, packaging solutions to the roll your own segment and analytical laboratory services for ingredient measurement to the industry. Essentra's offering also includes Heat Not Burn and e-cigarette solutions to the rapidly evolving market for Next Generation Products. The division also includes the Tear Tapes business, which is globally recognised as the leading manufacturer and supplier of pressure-sensitive tear tapes, that are largely used in the tobacco, food and drink and specialist packaging.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

TSTUVVURABUSAUR